

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 STRE-00 SS-15
NSC-05 /061 W

-----040685 131416Z /42 L

R 131233Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 3134
INFO USMISSION GENEVA
AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 18761

DEPT PASS STR ELECTRONICALLY FOR AMBASSADOR STRAUSS

USMTN

USEEC

E.O. 11652: GDS
TAGS: OVIP (STRAUSS, ROBERT S.), ETRD, FR, MTN
SUBJ: DENIAU ON THE MTN

REF: PARIS 18516 (NOTAL)

1. SUMMARY: DENIAU LOOKS FORWARD TO SEEING YOU IN THE NEAR FUTURE. MY FIRST IN-DEPTH TALK WITH HIM BROUGHT OUT A NUMBER OF POINTS CONSISTENT WITH FRANCE'S DEFENSIVE APPROACH TO THE MTN. HE SEEMED ATTUNED NEVERTHELESS TO THE MOMENTUM OF THE NEGOTIATIONS AND THE NEED TO SETTLE THE MAIN ISSUES PROMPTLY. HE STRESSED THE SELECTIVE SAFEGUARD ISSUE AND SHOWED PREDICTABLE SENSITIVITY TO ANYTHING THAT MIGHT CAUSE INTERNAL POLITICAL PROBLEMS BY APPEARING TO PUT RESTRAINTS ON THE CAP. DENIAU MADE CLEAR, NEVERTHELESS, HIS WILLINGNESS TO DEAL IF HE CAN GET CONCESSIONS FROM THE U.S. AND JAPAN THAT CAN BE DEFENDED INTERNALLY. HE IS A TOUGH-
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MINDED AND WELL-INFORMED NEGOTIATOR WITH A BRIGHT POLITICAL FUTURE. END SUMMARY.

2. ON JUNE 12, I HAD AN INITIAL MEETING WITH DENIAU IN HIS NEW JOB AS FOREIGN TRADE MINISTER. HE COVERED MUCH OF THE SAME GROUND THAT WOLFF WENT OVER WITH DE MOREL LAST WEEK. NEVERTHELESS, I THOUGHT YOU MIGHT WANT A

BRIEF SUMMARY OF DENIAU'S POINT OF EMPHASIS IN ANTICIPATION OF THE MEETING WE HOPE YOU AND HE WILL HAVE IN LATE JUNE (REFTEL).

3. DENIAU STARTS WITH THE PROPOSITION THAT TARIFFS ARE THE LEAST IMPORTANT ASPECT OF THE NEGOTIATION. HE FEARS THAT THERE WILL BE A PRECISE OUTCOME ON TARIFFS WITH VAGUE AND UNSATISFACTORY RESULTS FROM THE FRENCH STANDPOINT ON NON-TARIFF MEASURES -- PLUS AN ATTEMPT BY US TO PUT SOME RESTRAINTS ON THE CAP WHICH WOULD BE BAD FOR FRENCH INTERESTS AND CAUSE SERIOUS INTERNAL POLITICAL PROBLEMS. NEEDLESS TO SAY, WE REBUTTED THIS RATHER GLOOMY LINE.

4. IF HE SINGLED OUT ANY POINT FOR EMPHASIS, IT WAS THE ISSUE OF SELECTIVE SAFEGUARDS AND THE FRENCH INSISTENCE ON SUBMITTING ONLY TO EX POST FACTO INTERNATIONAL SURVEILLANCE. INCIDENTALLY, DENIAU NOTED THAT IF THIS OR OTHER SENSITIVE ISSUES CANNOT BE RESOLVED PRIOR TO THE BONN SUMMIT, HE MUST HAVE ADEQUATE ADVANCE NOTICE SO AS TO PREPARE GISCARD. OTHERWISE, THE FRENCH WOULD BE UNABLE TO TAKE ANY DECISION ON THE SPOT. I EMPHASIZED OUR HOPE THAT THE ESSENTIAL PARTS OF THE MTN WOULD BE WOUND UP PRIOR TO THE SUMMIT.

5. DENIAU RAN OVER FAMILIAR GROUND ON STANDARDS AND ON CONFIDENTIAL

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SUBSIDIES/COUNTERVAILING. ON STANDARDS, HE DID HAVE WHAT FOR THE EMBASSY WAS A NEW WRINKLE: THE POSSIBILITY THAT FRANCE MIGHT CREATE SOME PRIVATE ASSOCIATIONS TO SET STANDARDS IN ORDER TO ASSURE BALANCE IN A CODE. ON SUBSIDIES HE SIMPLY THINKS WE WANT TOO MUCH AND, IN PARTICULAR, THAT WE ARE TRYING TO GET AT FUNDAMENTAL ASPECTS OF THE CAP VIA THIS METHOD. HE DID CONCEDE THAT THERE MIGHT BE A COMMON INTEREST IN AVOIDING SUBSIDY WARS IN THIRD MARKETS, HOWEVER.

6. DENIAU'S COMMENTS ON AGRICULTURE SHOWED THAT HE IS WELL AWARE OF BOTH OUR GENERAL CONCERN ABOUT "ACCESS" AND OUR PARTICULAR PROBLEMS ON SUCH SPECIFIC ITEMS AS CITRUS, TOBACCO, AND POULTRY. HE MADE TWO GENERAL ARGUMENTS: FIRST, FRANCE MUST HAVE FREEDOM TO COMPETE FOR INCREASED MARKET SHARES; SECOND, FREEZING OF THE

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 18761

CAP ON CANNED FRUITS OR OTHER MEDITERRANEAN ITEMS IN ADVANCE OF EC ENLARGEMENT COULD CREATE AN INTOLERABLE SITUATION. ON THE LAST POINT, HE SAID THERE WOULD BE RISK OF A POLITICAL EXPLOSION AMONG FRENCH FARM INTERESTS IF, SAY, SPAIN JOINED THE COMMUNITY AND ADDED TO THE INTERNAL EC MARKET PRESSURES WITH NO CHANCE OF INCREASING EXPORTS OUTSIDE OF THE COMMUNITY. THROUGHOUT OUR TALK DENIAU MADE MUCH OF FRANCE'S UNFAVORABLE TRADE BALANCE WITH THE U.S., JAPAN, AND THE REST OF THE EC. THUS, HE IS RELUCTANT TO TIE HIS HANDS IN TERMS OF EXPORTS TO THE THIRD WORLD. (HE WAS VITRIOLIC ON JAPAN, CLAIMING THAT FRANCE'S PUSH FOR A SUPPLEMENTAL EC WITHDRAWAL LIST IS INTENDED PRIMARILY AS A WARNING SHOT AT THE JAPANESE.)

7. DESPITE THE FOREGOING, DENIAU CLAIMS THAT HE IS PREPARED TO DEAL IF HE CAN GET SOMETHING THAT LOOKS LIKE A GOOD QUID PRO QUO ON THE AMERICAN MARKET IN THE FORM OF BETTER ACCESS FOR DAIRY PRODUCTS, COGNAC, OR OTHER AGRICULTURAL ITEMS OF INTEREST TO FRANCE. HE TENDED TO DISMISS THE PROSPECT OF GRAINS AGREEMENTS AS BEING ESSENTIALLY NEUTRAL AND INVOLVING BURDENS FOR ALL

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DUE, FOR EXAMPLE, TO STOCKPILING COSTS. WE, OF COURSE, REMINDED DENIAU THAT THE COMMUNITY HAS LONG BEEN PUSHING THE IDEA OF GRAINS AND OTHER AGRICULTURAL

COMMODITY ARRANGEMENTS.

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